

Mexico billionaires battle over telecoms sector

February 5 2012, by Henry Orrego



Carlos Slim (pictured), the world's richest man according to Forbes magazine, received a boost to his dominance of the Mexican cell phone market when the country's competition watchdog blocked a \$1.6 billion telecoms deal to link the media empires of two big rivals.

Battles between three Mexican billionaires over control of the lucrative telecoms sector heated up again this week, intensified by international criticism of monopolistic practices.

Carlos Slim -- the world's richest man according to Forbes magazine -- received a boost to his dominance of the Mexican cell phone market when the country's [competition watchdog](#) blocked a \$1.6 billion telecoms deal to link the media empires of two big rivals.

The deal would have united interests of Emilio Azcarraga, who owns

Televisa, the largest media company in the Spanish-speaking world, and Ricardo Salinas, who owns telephone company Iusacell and Mexico's second broadcaster TV Azteca.

But the Federal Competition Commission's board ruled on Wednesday against Televisa's planned acquisition of half of indebted Iusacell.

Both companies said they would contest the decision, and police even intervened to let the commission representatives enter Iusacell's headquarters amid scuffles and shouting.

"It's almost like an episode in the Wild West, where the sheriff can't enter to resolve a fight and the consumers are paying the cost," said Jorge Fernando Negrete, director of Mediatelecom consultancy.

Azcarraga and Salinas have been rivals up to now, as owners of the two main [analog television](#) channels, representing some 70 percent of that market.



A proposed tie-up would have united the interests of Emilio Azcarraga (pictured), who owns Televisa, the largest media company in the Spanish-speaking world, and Ricardo Salinas, who owns telephone company Iusacell and Mexico's second broadcaster TV Azteca.

A merger of their interests through mobile phones presents a direct challenge to Slim, who is seeking authorization to enter the cable TV market, also dominated by Televisa.

Although his America Movil -- with more than 225 million clients in 18 countries -- offers "triple play" packages of phone, Internet and television across Latin America, Slim has been blocked in attempts to offer TV in Mexico.

As his rivals fought to take on his cell phone empire, the tycoon refuted a new report from the Organization for [Economic Cooperation](#) and Development arguing that a lack of competition in Mexico's communications industry and high prices cost the country about \$25 billion a year.

Slim called the figure a "fantasy" during a press conference Tuesday while questioning the methodology that the OECD used to reach its estimate.

America Movil has 80 percent of Mexico's landlines and 70 percent of the mobile market, as well as 74 percent of Internet access.

"The average market share of the mobile incumbent in OECD countries is roughly 40 percent," the OECD said.



The Mexican Federal Competition Commission's board has ruled against Televisa's planned acquisition of half of indebted Iusacell, part of the business empire of Ricardo Salinas (pictured)

The organization said the report was produced at the request of the Mexican government, which also paid for it.

Slim suggested that one of his foes had commissioned and paid for the report.

Analysts said the tensions underlined the urgency to reform regulations and open the market to new players in the most populous Spanish-speaking country.

"The country faces a big challenge with the arrival of new services like digital television and the need to increase coverage of broadband," said Enrique Melrose, a telecoms analyst and professor at Mexico's ITAM university.

"We all want access to a market... offering television, fixed- and mobile-phones and Internet access in one package."

Until now, Mexico's regulators have fought numerous attempts to block

their efforts to enforce competition.

"The authorities have not acted well to slow down the monopolistic practices," admitted lawmaker Javier Corral, from the ruling conservative PAN party.

Corral warned that with a general election due on July 1 politicians were even less likely to upset the powerful tycoons.

Slim, Azcarraga and Salinas "know the power of the media in a pre-electoral environment and are no doubt ready to take advantage of it," Corral said.

(c) 2012 AFP

Citation: Mexico billionaires battle over telecoms sector (2012, February 5) retrieved 20 April 2024 from <https://phys.org/news/2012-02-mexico-billionaires-telecoms-sector.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.